



GENERAL ASSEMBLY

COMMONWEALTH OF KENTUCKY

2006 REGULAR SESSION

SENATE BILL NO. 84

AS ENACTED

MONDAY, APRIL 10, 2006

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TREY GRAYSON
SECRETARY OF STATE
COMMONWEALTH OF KENTUCKY
BY R. Adler

AN ACT relating to the planning and budgeting threshold amounts for state capital projects.

Be it enacted by the General Assembly of the Commonwealth of Kentucky:

1 Section 1. KRS 7A.010 is amended to read as follows:

2 As used in this chapter, unless the context otherwise requires:

3 (1) "Capital project" means:

4 (a) Any undertaking which is to be financed or funded through an appropriation
5 by the General Assembly of general fund, road fund, bond fund, trust and
6 agency fund, or federal fund moneys, where the expenditure is a capital
7 expenditure pursuant to statute or under standards prescribed by the
8 Legislative Research Commission under the authority of KRS Chapter 48;

9 (b) Any undertaking which is to be financed by a capital expenditure for use by
10 the state government or one of its departments or agencies, as defined in KRS
11 12.010 or enumerated in KRS 12.020, including projects related to the
12 construction or maintenance of roads, and including projects of institutions of
13 higher education as defined in KRS 164A.550(2);

14 (c) Any capital construction item, or any combination of capital construction
15 items necessary to make a building or utility installation complete, estimated
16 to cost ~~six~~~~[four]~~ hundred thousand dollars ~~(\$600,000)~~~~[(\$400,000)]~~ or more, or
17 any item of movable equipment, estimated to cost ~~two~~~~[one]~~ hundred thousand
18 dollars ~~(\$200,000)~~~~[(\$100,000)]~~ or more, regardless of the source of funds;

19 (d) Any lease of real property whose value is two hundred thousand dollars
20 (\$200,000) or more;

21 (e) Any lease of an item of movable equipment if the total cost of the lease, lease-
22 purchase, or lease with an option to purchase is ~~two~~~~[one]~~ hundred thousand
23 dollars ~~(\$200,000)~~~~[(\$100,000)]~~ or more; or

24 (f) Any new acquisition, upgrade, or replacement of an information technology

1 system estimated to cost ~~six~~~~four~~ hundred thousand dollars
 2 ~~(\$600,000)~~~~(\$400,000)~~ or more.

3 (2) "Board" means the Capital Planning Advisory Board of the Kentucky General
 4 Assembly created by KRS 7A.110.

5 (3) "Plan" means the state capital improvement plan provided for by KRS 7A.120.

6 (4) "State agency" means any department, commission, council, board, bureau,
 7 committee, institution, legislative body, agency, government corporation, or other
 8 entity of the executive, judicial, or legislative branch of the state government.

9 (5) "Information technology system" means any related computer or
 10 telecommunications components that provide a functional system for a specific
 11 business purpose and contain one (1) or more of the following:

12 (a) Hardware;

13 (b) Software, including application software, systems management software,
 14 utility software, or communications software;

15 (c) Professional services for requirements analysis, system integration,
 16 installation, implementation, or data conversion services; or

17 (d) Digital data products, including acquisition and quality control.

18 Section 2. KRS 45.750 is amended to read as follows:

19 (1) As used in KRS 45.760 to 45.810:

20 (a) "Committee" means the Capital Projects and Bond Oversight Committee.

21 (b) "Capital construction item" means:

22 1. The construction, reconstruction, acquisition, and structural maintenance
 23 of buildings;

24 2. The installation of utility services, including roads and sewers;

25 3. The acquisition or improvement of real property;

26 4. The purchase and installation initially or during major renovation of
 27 equipment, facilities, and furnishings of a permanent nature for

1 buildings;

2 5. The acquisition of any building to be occupied by any:

3 a. Subdivision of state government as defined in KRS 12.010 or
4 enumerated in KRS 12.020;

5 b. Municipal corporation which exercises its authority on a statewide
6 basis including, but not limited to, the Kentucky Employees
7 Retirement System, Teachers' Retirement System of the State of
8 Kentucky, Kentucky Higher Education Student Loan Corporation,
9 Kentucky Lottery Corporation, Kentucky Housing Corporation, or
10 any entity with a governing body whose membership is
11 substantially similar to the membership of the governing body of a
12 municipal corporation which exercises its authority on a statewide
13 basis; and

14 c. Institution of higher education.

15 (c) "Lease" means any lease, lease-purchase, or lease with an option to purchase
16 of any real property space occupied by:

- 17 1. Any entity listed in paragraph (b)5. of this subsection;
- 18 2. The legislative branch; or
- 19 3. The judicial branch when leased from a private sector landlord.

20 (d) "Equipment" means:

- 21 1. Any major item of equipment, including aircraft;
- 22 2. Any movable furnishing, appurtenance, or other equipment, necessary to
23 make a building operable; and
- 24 3. Equipment purchased or otherwise acquired, or equipment to be
25 purchased or otherwise to be acquired, under a lease or lease-purchase
26 contract or agreement or an arrangement equivalent to a lease or lease-
27 purchase contract or agreement.

- 1 (e) "Information technology system" means any related computer or
 2 telecommunications components that provide a functional system for a
 3 specific business purpose and contain one (1) or more of the following:
- 4 1. Hardware;
 - 5 2. Software, including application software, systems management software,
 6 utility software, or communications software;
 - 7 3. Professional services for requirements analysis, system integration,
 8 installation, implementation, or data conversion services; or
 - 9 4. Digital data products, including acquisition and quality control.
- 10 (f) "Capital projects" means, regardless of the source of cash or other
 11 consideration:
- 12 1. Any capital construction item, or any combination of capital
 13 construction items necessary to make a building or utility installation
 14 complete, estimated to cost ~~six~~^{four} hundred thousand dollars
 15 (\$600,000)~~(\$400,000)~~ or more in cash or other consideration;
 - 16 2. Any lease of real property space with an annual rental cost exceeding
 17 two hundred thousand dollars (\$200,000);
 - 18 3. The use allowance paid by the judicial branch for a real property space
 19 pursuant to KRS 26A.090(2) and 26A.115 when the use allowance for
 20 the space exceeds two hundred thousand dollars (\$200,000) on an
 21 annual basis;
 - 22 4. Any item of equipment estimated to cost ~~two~~^{one} hundred thousand
 23 dollars (\$200,000)~~(\$100,000)~~ or more in cash or other consideration;
 - 24 5. Any lease of an item of movable equipment if the annual cost of the
 25 lease is ~~two~~^{one} hundred thousand dollars (\$200,000)~~(\$100,000)~~ or
 26 more or if the total cost of the lease-purchase or lease with an option to
 27 purchase is ~~two~~^{one} hundred thousand dollars (\$200,000)~~(\$100,000)~~

1 or more; and

2 6. Any new acquisition, upgrade, or replacement of an information
3 technology system estimated to cost ~~six~~~~[four]~~ hundred thousand dollars
4 (\$600,000)~~[(\$400,000)]~~ or more in cash or other consideration.

5 (g) "Emergency repair, maintenance, or replacement project" means the
6 maintenance, repair, or reconstruction of a capital construction project or the
7 maintenance, repair, or replacement of a major item of equipment that is:

- 8 1. Necessitated by injury or damage resulting from a disaster;
- 9 2. Necessary to maintain government operations or to prevent or minimize
10 injury or damage that could reasonably be expected to result from an
11 impending disaster; or
- 12 3. Necessitated by an unforeseen mechanical breakdown, electrical
13 breakdown, or structural defect that must be corrected to make a facility
14 or item of equipment usable.

15 (h) "Disaster" means a fire, flood, tornado, other natural disaster, riot, enemy
16 attack, sabotage, explosion, power failure, energy shortage, transportation
17 emergency, or other man-caused disaster.

18 (i) "Capital construction funds" means any funds used for capital construction,
19 including, but not limited to, appropriated capital construction funds, agency
20 funds, federal funds, private funds, or funds from any source held by an
21 agency for management or investment purposes.

22 (j) "Entity head" means the Chief Justice of the Supreme Court, the President of
23 the Senate and the Speaker of the House of Representatives, the secretary of
24 the Finance and Administration Cabinet, the president of any university which
25 complies with KRS 164A.585, 164A.595, and 164A.600, the board of trustees
26 of the Kentucky Employees Retirement System, the board of trustees of the
27 Teachers' Retirement System of the State of Kentucky, the board of directors

1 of the Kentucky Higher Education Student Loan Corporation, the board of
2 directors of the Kentucky Lottery Corporation, or the board of directors of the
3 Kentucky Housing Corporation.

4 (2) Except as provided in subsection (3) of this section, KRS 45.760 to 45.810 shall
5 apply to capital projects and bonds for use by:

6 (a) The state government;

7 (b) One of its departments or agencies, as defined in KRS 12.010 or enumerated
8 in KRS 12.020;

9 (c) A municipal corporation which exercises its authority on a statewide basis
10 including, but not limited to, the Kentucky Employees Retirement System,
11 Teachers' Retirement System of the State of Kentucky, Kentucky Higher
12 Education Student Loan Corporation, Kentucky Lottery Corporation, and
13 Kentucky Housing Corporation; and

14 (d) Institutions of higher education.

15 (3) KRS 45.760 to 45.810 shall not apply to:

16 (a) Capital projects or bonds used directly in or for the construction or
17 maintenance of roads, including, but not limited to, bulldozers, graders, earth
18 movers, and real estate purchased for rights-of-way; and

19 (b) Political subdivisions, except for those defined in KRS 12.010, enumerated in
20 KRS 12.020, or created as a municipal corporation which exercises its
21 authority on a statewide basis including, but not limited to, the Kentucky
22 Employees Retirement System, Teachers' Retirement System of the State of
23 Kentucky, Kentucky Higher Education Student Loan Corporation, Kentucky
24 Lottery Corporation, Kentucky Housing Corporation, or any entity with a
25 governing body whose membership is substantially similar to the membership
26 of the governing body of a municipal corporation which exercises its authority
27 on a statewide basis. However, the provisions of KRS 45.750 to 45.810 shall

1 not apply to acquisition or maintenance of any building or land which is
2 purchased as a legal investment by any of the state retirement systems, which
3 is not to be occupied by the retirement system, and which is financed solely
4 with those assets of the retirement system used for investment purposes.

5 Section 3. KRS 45A.023 is amended to read as follows:

- 6 (1) Notwithstanding any other provision of law to the contrary, the Department for
7 Local Government, *the Department of Military Affairs, and the Office of Security*
8 *Coordination* may enter into multiyear contracts, memoranda of agreement,
9 memoranda of understanding, grant agreements, or any other similar documents that
10 exceed the biennium in which they are made for projects that are funded solely
11 through federal grant money.
- 12 (2) All documents entered into in accordance with subsection (1) of this section shall
13 contain a provision stating that the contract funding may be discontinued by the
14 General Assembly in a subsequent budget.



President of the Senate



Speaker-House of Representatives

Attest:


Chief Clerk of Senate

Approved



Governor

Date

4/21/06